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Financial reports and audited financial statements, and reports of the Board of Auditors

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly a letter dated 29 June 2007 from the Chairman of the Board of Auditors transmitting the report of the Board on the implementation of its recommendations relating to the biennium 2004-2005, submitted in accordance with Assembly resolution 52/212 B and paragraph 9 of Assembly resolution 58/249 A (see annex).

* A/62/50.

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Annex

Letter of transmittal

29 June 2007

I have the honour to transmit to you the report of the Board of Auditors on the implementation of its recommendations relating to the biennium 2004-2005, in accordance with paragraph 5 of General Assembly resolution 52/212 B of 31 March 1998.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France
and Chairman, United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Report of the Board of Auditors on the implementation of its recommendations relating to the biennium 2004-2005 as at 31 March 2007

Summary

Mandate

The present report, up-to-date as at 31 March 2007, relates to recommendations made by the Board of Auditors in its reports for the biennium 2004-2005 and approved by the General Assembly in paragraph 2 of its resolution 61/233. It reflects the status of recommendations which (a) have been implemented; (b) are under implementation; (c) have not been implemented; or (d) have been overtaken by events.

Scope and methodology

The present report covers 14 organizations on which the Board reports on a biennial basis to the General Assembly. Those activities on which reports of the Board are submitted annually, or are not submitted to the Assembly, are not included. No recommendations were issued in respect of the United Nations Office for Project Services for the biennium 2004-2005 as the submission of its financial statements was delayed and, accordingly, the audit was postponed. Therefore, the present report does not include any statistics on the Office.

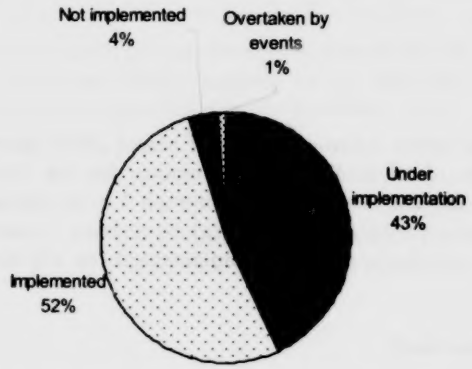
The Board has validated the statistics supplied by the Administrations on the status of implementation of its recommendations in all the cases where such validation was possible based on the Board's audit plans and proved cost-effective. In other cases, the Board has not yet validated the data, which would be validated within the current audit cycle.

Overall observations

The number of recommendations made by the Board increased by 28 per cent over the last biennium. Despite the increase in number, the rate of implementation of the Board's recommendations as at 31 March 2007 has improved compared to the rate as at 31 May 2005.

Graph

Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005 as at 31 March 2007



The reasons for the lack of full implementation of the recommendations varied depending on the organization. However, the Board identified some common elements, as follows:

- The lack of a dedicated follow-up mechanism to focus the attention of senior management on the steps necessary to ensure full implementation of the Board's recommendations, as approved by the General Assembly
- The lack of sufficient inter-agency coordination in the implementation of recommendations that pertained to more than one organization
- The undertaking of medium-term projects in the areas of inter-agency coordination, information and communications technology, human resources management, procurement and treasury management.

The Board has also identified good practices in relation to the implementation and follow-up of its recommendations, which include:

- The identification and monitoring of a list of top priority audit issues (when it did not result in a lack of attention to the Board's other recommendations)
- The validation of management's assessment of the status of implementation of the Board's recommendations by internal auditors
- The identification of causes of recurring audit observations and the development of appropriate action plans to address them.

The Board's mandate, scope and methodology for the present report are set out in the introduction. The Board's overall observations are contained in part II. The status of implementation of the Board's recommendations is detailed by entity in part III.

Contents

		Paragraphs	*Page*
I.	Introduction	1–7	6
II.	Status of implementation of the recommendations of the Board of Auditors: overall observations	8–13	8
III.	Status of implementation of the recommendations of the Board of Auditors detailed by entity	14–73	11
	A. United Nations	14–18	11
	B. International Trade Centre UNCTAD/WTO	19–20	13
	C. United Nations University	21–25	15
	D. United Nations Development Programme	26–34	17
	E. United Nations Children's Fund	35–41	20
	F. United Nations Relief and Works Agency for Palestine Refugees in the Near East	42–48	22
	G. United Nations Institute for Training and Research	49–50	24
	H. United Nations Environment Programme	51	26
	I. United Nations Population Fund	52–56	27
	J. United Nations Human Settlements Programme (UN-Habitat)	57–58	29
	K. United Nations Office on Drugs and Crime	59–61	30
	L. International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994	62–65	32
	M. International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991	66–69	33
	N. United Nations Joint Staff Pension Fund	70–73	35
IV.	Acknowledgement	74	37

I. Introduction

Mandate

1. In its resolution 52/212 B, the General Assembly emphasized that primary managerial responsibility and accountability for the implementation of the recommendations of the Board of Auditors should remain with department heads and programme managers. In the same resolution, the Assembly endorsed the proposals of the Board (see A/52/753) for improving the implementation of the recommendations approved by the Assembly, subject to the provision contained in the resolution. The Administration has taken steps to address the following:

(a) Need to specify timetables for the implementation of recommendations;

(b) Disclosure of the office holders to be held accountable;

(c) Establishment of an effective mechanism to strengthen oversight in regard to the implementation of audit recommendations. Such a mechanism could be in the form of a special committee comprising senior officials or of a focal point for audit and oversight matters.

2. The present report, up-to-date as at 31 March 2007, relates to recommendations made by the Board in its reports for the biennium 2004-2005. It reflects the status of recommendations which (a) have been implemented; (b) are under implementation; (c) have not been implemented; or (d) have been overtaken by events.

Scope and methodology

3. The present report covers 14 organizations on which the Board reports on a biennial basis. Those activities on which reports of the Board are submitted annually (i.e., United Nations peacekeeping operations, the capital master plan and the Office of the United Nations High Commissioner for Refugees) are not included in the present report but are covered, as before, in an annex to the respective reports of the Board to the General Assembly. Similarly, reports that are not submitted to the Assembly (United Nations escrow (Iraq) accounts, the United Nations Compensation Commission, the United Nations Framework Convention on Climate Change, the United Nations Convention to Combat Desertification) are not included in the present report.

4. At the time of preparing the present report, the audit of the United Nations Office for Project Services (UNOPS) for the biennium 2004-2005 had not been completed, as the submission of financial statements by UNOPS in respect of that biennium was delayed and the previous scheduled audit of UNOPS by the Board had to be suspended. As a result, the status of implementation of recommendations issued in respect of the biennium 2004-2005 could not be included in the report. The audit of UNOPS was completed on 29 June 2007.

5. The Board requested that the 14 organizations covered in the present report provide it with the status of implementation as at 31 March 2007 of the recommendations contained in its reports on the 2004-2005 accounts. Whenever audit teams were already present at headquarters between 31 March 2007 and 31 May 2007 for planning missions or substantive audits, they validated that data. In most other cases, the Board determined that it would not be cost-effective to

dedicate specific teams to the review and validation of the data provided. The review would then be undertaken in time for inclusion in the relevant reports to the General Assembly on the 2006-2007 financial statements. In the case of the United Nations, dedicated teams were sent to the New York and Geneva headquarters given the high number of recommendations involved (176).

6. The validation process consisted of a desk review and requests for supporting documents to back up the assessments provided by the Administrations. The Board's work did not involve site visits of field operations. Whenever the evidence provided did not support management's assessment, the Board reflected its own assessment in the validated data contained in the present report. In cases where no teams were scheduled to conduct the review, or where further audit procedures were needed to reach satisfactory conclusions, the data is shown as not validated. Table 1 below reflects the status of the validation process for each entity. In all cases, the status of implementation of some recommendations could not be determined until substantial procedures were performed on the 2006-2007 financial statements.

Table 1
Scope of the validation by the Board of Auditors of the status of implementation of the recommendations contained in its reports on the biennium 2004-2005

Organization	*Number of recommendations in the report, 2004-2005*	*Status*
United Nations	176	Validated
International Trade Centre UNCTAD/WTO	13	Validated
United Nations University	15	Validated
United Nations Development Programme	115	Validated
United Nations Children's Fund	96	Validated
United Nations Relief and Works Agency for Palestine Refugees in the Near East	34	Validated
United Nations Institute for Training and Research	21	Validated
United Nations Environment Programme	26	Not validated
United Nations Population Fund	42	Not validated
United Nations Human Settlements Programme	18	Not validated
United Nations Office on Drugs and Crime	30	Validated
International Criminal Tribunal for Rwanda	33	Validated
International Tribunal for the Former Yugoslavia	11	Validated
United Nations Joint Staff Pension Fund	21	Validated

7. Some Administrations provided the Board with updated statistics on the status of implementation of the Board's recommendations. They were excluded from the present report in view of the lack of opportunity for validation of those updates and the need for timely reporting and consistency.

II. Status of implementation of the recommendations of the Board of Auditors: overall observations

8. The number of recommendations made by the Board has more than tripled over the past four bienniums, and increased by 28 per cent over the last biennium, as shown in table 2. The number of recommendations issued is influenced both by management and audit-related issues. Audit-related issues varied over time. Therefore, that series of statistics is not directly indicative of the quality of the management of the organizations audited.

Table 2
Number of recommendations issued by the Board of Auditors for the bienniums 1999-2000 to 2004-2005

	Number of recommendations				*Percentage increase (2002-2003 to 2004-2005)*
	1999-2000	*2000-2001*	*2002-2003*	*2004-2005*	
Total	**208**	**335**	**509**	**651**[a]	**28**

[a] The 2004-2005 figures exclude the recommendations made in relation to UNOPS, which were included in data for previous bienniums.

9. Despite the increase in the number of recommendations, the rate of implementation of the Board's recommendations as at 31 March 2007 had improved compared to the situation as at 31 May 2005. The status of implementation of the Board's recommendations by individual organization is set out in table 3 and graph 1.

Table 3
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005 as at 31 March 2007

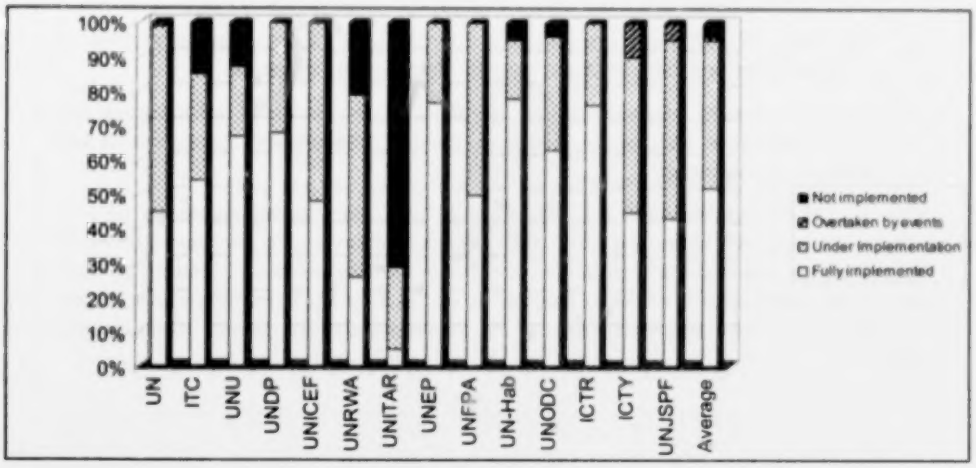
		Implemented		*Under implementation*		*Overtaken by events*		*Not implemented*	
Organization	*Number of recommendations in a report, 2004-2005*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
United Nations	176	79	45	95	54	2	1	—	—
International Trade Centre UNCTAD/WTO	13	6	46	5	39	—	—	2	15
United Nations University	15	10	67	3	20	—	—	2	13
United Nations Development Programme	115	78	68	37	32	—	—	—	—
United Nations Children's Fund	96	46	48	50	52	—	—	—	—
United Nations Relief and Works Agency for Palestine Refugees in the Near East	34	9	26	17	50	1	3	7	21

Organization	Number of recommendations in a report, 2004-2005	Implemented		Under implementation		Overtaken by events		Not implemented	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
United Nations Institute for Training and Research	21	1	5	5	24	—	—	15	71
United Nations Environment Programme	26	20	77	6	23	—	—	—	—
United Nations Population Fund	42	21	50	21	50	—	—	—	—
United Nations Human Settlements Programme	18	14	78	3	17	—	—	1	5
United Nations Office on Drugs and Crime	30	19	63	10	33	—	—	1	4
International Criminal Tribunal for Rwanda	33	25	76	8	24	—	—	—	—
International Tribunal for the Former Yugoslavia	11	5	45	5	45	1	10	—	—
United Nations Joint Staff Pension Fund	21	9	43	11	52	1	5	—	—
Total	**651**	**342**	**52**	**276**	**43**	**5**	**1**	**28**	**4**
2002-2003 (percentage)[a]	509	235	46	230	45	—	—	44	9

[a] This line shows the status of implementation of the recommendations contained in the Board's reports on the biennium 2002-2003 as at 31 May 2005 (as per A/60/113). It provides an indication of the relative pace of implementation of two different sets of the Board's recommendations, over two successive bienniums.

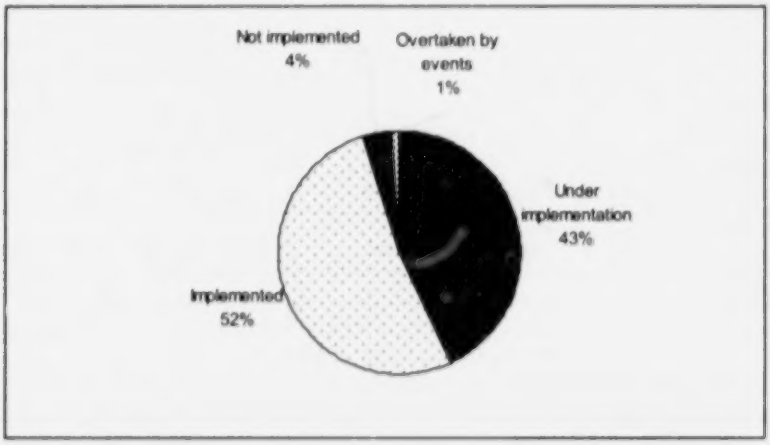
Graph 1

Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005 by entity as at 31 March 2007



10. In paragraph 2 of its resolution 61/233, the General Assembly approved all the recommendations contained in the Board's reports on the 2004-2005 accounts, which are reflected in table 3 above. However, the Board notes that 4 per cent of those recommendations had not been implemented as at 31 March 2007, as indicated in graph 2.

Graph 2
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005 as at 31 March 2007



11. The reasons for the lack of full implementation of the recommendations varied depending on the organization. However, the Board identified some common elements:

- The lack of a dedicated follow-up mechanism to focus the attention of senior management on the steps necessary to ensure full implementation of the Board's recommendations, as approved by the General Assembly
- The lack of sufficient inter-agency coordination in the implementation of recommendations that pertained to more than one organization
- The undertaking of medium-term projects in the areas of information and communications technology, human resources management, procurement and treasury management.

12. The Board understands that the relevant projects (human resources reform, treasury information technology and management improvements, implementation of the coherence panel recommendations and the enterprise resource planning project) would take some time to come to fruition. It would keep those matters under review to ensure that the implementation of its recommendations is not unreasonably delayed.

13. The Board has also identified good practices in relation to the implementation and follow-up of its recommendations, which include:

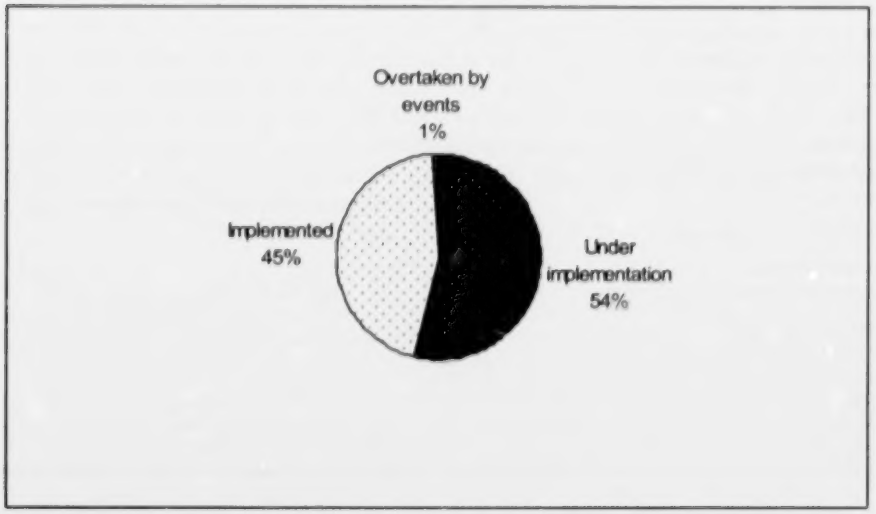
- The identification and monitoring of a list of top priority audit issues (provided it does not result in a lack of attention to other binding recommendations)
- The validation of management's assessment of the status of implementation of the Board's recommendations by internal auditors
- The identification of causes of recurring audit observations and the development of appropriate action plans to address them.

III. Status of implementation of the recommendations of the Board of Auditors detailed by entity

A. United Nations

14. Of the 176 recommendations made by the Board with respect to the accounts of the United Nations for the biennium 2004-2005,[1] the United Nations had implemented 79 (45 per cent), while 95 (54 per cent) were under implementation and 2 (1 per cent) had been overtaken by events, as shown in graph 3. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 3
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations



[1] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5* (A/61/5), vol. I, chap. II.

15. Four areas showed evidence of a relatively low implementation rate: human resources management; treasury and investment management; inter-agency services; and information and communications technology, as shown in table 4.

Table 4
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Financial issues	35	22	63	13	37	—	—	—	—
United Nations Fund for International Partnerships	4	1	25	3	75	—	—	—	—
Information and communications technology	10	3	30	7	70	—	—	—	—
Programme management and results-based budgeting	23	13	57	10	43	—	—	—	—
Treasury and investment management	13	3	23	10	77	—	—	—	—
Revenue-producing activities	8	3	38	5	63	—	—	—	—
Procurement and contract management	16	8	50	8	50	—	—	—	—
Inter-agency services	7	2	29	5	71	—	—	—	—
Human resources management	12	1	8	10	83	—	—	1	8
Response of the Office for the Coordination of Humanitarian Affairs to the tsunami	23	11	48	12	52	—	—	—	—
Legal affairs (Office of Legal Affairs, International Court of Justice)	7	5	71	2	29	—	—	—	—
Special political missions	9	7	78	1	11	—	—	1	11
Research/training institutes and agencies	3	—	—	3	100	—	—	—	—
Other (International Civil Service Commission, United Nations Conference on Trade and Development)	6	—	—	6	100	—	—	—	—
Total	**176**	**79**	**45**	**95**	**59**	**—**	**—**	**2**	**1**

16. Most observations in the four areas highlighted above would be influenced by the ongoing reforms in the Secretariat. Information technology and treasury management are of particular concern, as those areas make up half of the 27

recommendations from the Board's report on the biennium 2002-2003 that were still under implementation as at 31 March 2007.

17. The Administration indicated that the recommendation contained in paragraph 778 of the Board's report,[2] to ensure that a formal contract amendment is prepared for review by the local committee on contracts, in relation to security works performed in a special political mission, was overtaken by events. Those works were not compliant with original contract terms owing, inter alia, to an increase in contract price of more than 20 per cent and to changes to the terms of payment and date of completion of the works. As the Administration had not acted in a timely fashion, the works were completed before such an amendment could be negotiated with the contractor. The Board noted that the submission of a formal contract amendment would have ensured that the local committee on contracts was aware of the non-compliance of the works with legislative authority.

18. The Administration stated that primary responsibility for implementing recommendations lay with the programme managers to whom the recommendations were addressed. The Department of Management ensured that the responsibility for implementation of each recommendation would be assigned to a programme manager and that time frames would be set for their implementation. The Secretary-General had entrusted the Management Committee with the overall responsibility for ensuring that programme managers were effectively implementing recommendations in a timely manner. During November and December 2006, the Management Committee reviewed the progress of 18 main recommendations of the Board on the accounts of the United Nations that were more than two years old. Of those, 10 have been verified as implemented by the Board. Quarterly benchmarks have been identified for the recommendations that remained in progress to enable regular monitoring.

B. International Trade Centre UNCTAD/WTO

19. Of the 13 recommendations made by the Board with respect to the accounts of the International Trade Centre UNCTAD/WTO (ITC) for the biennium 2004-2005,[3] ITC had implemented 7 (54 per cent), while 4 (31 per cent) were under implementation and 2 (15 per cent) were not implemented. The status of implementation of the Board's recommendations presented in graph 4 and table 5 was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

[2] Ibid.

[3] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5* (A/61/5), vol. III, chap. II.

Graph 4
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, International Trade Centre UNCTAD/WTO

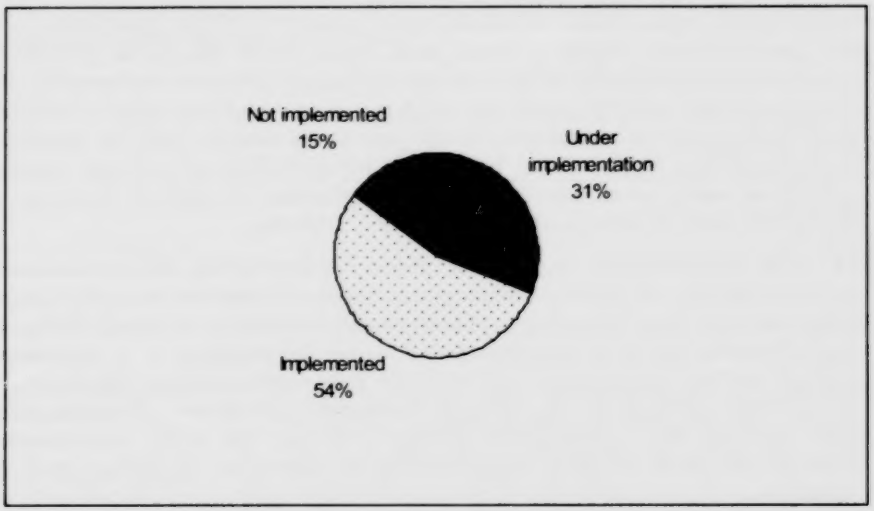


Table 5
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Financial issues	2	—	—	1	50	1	50	—	—
United Nations system accounting standards	1	1	100	—	—	—	—	—	—
Consultants and experts	4	4	100	—	—	—	—	—	—
Programme management	3	1	33	2	67	—	—	—	—
Information technology fraud prevention	1	1	100	—	—	—	—	—	—
Fraud and presumptive fraud	2	—	—	1	50	1	50	—	—
Total	**13**	**7**	**54**	**4**	**31**	**2**	**15**	**—**	**—**

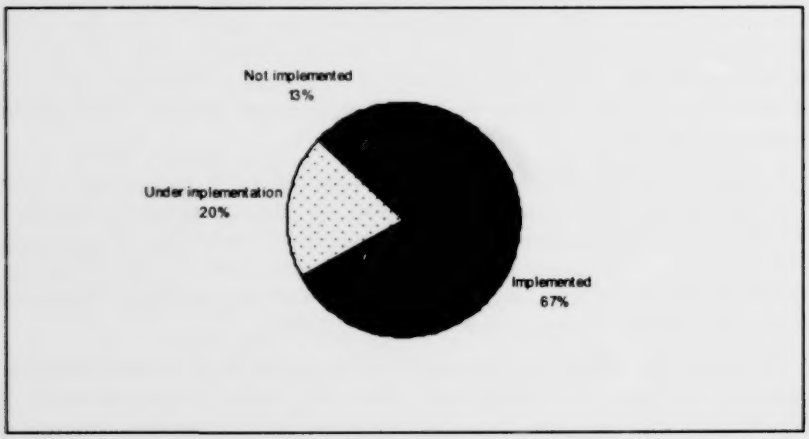
20. The implementation of some recommendations addressed to the United Nations contained in the Board's report on ITC was contingent upon adequate coordination between the United Nations and ITC. The Centre had understood that it was not in a position to reply to recommendations addressed to the United Nations and failed to indicate their status. At the request of the Board, ITC contacted the

concerned sections of the United Nations Secretariat in order to obtain an update on the status of implementation of those recommendations. However, the status of implementation of two recommendations included in the report of the ITC financial statements remained as not implemented, and in one case, no information had been received. The Board noted that even though the recommendations were addressed to the United Nations, it was the responsibility of ITC to inquire about the status of implementation of those recommendations and to report on it to the Board. As no reply had been received from the United Nations, the Board considered that that recommendation had not been implemented and encouraged the United Nations and ITC to improve their cooperation in order to implement all the recommendations included in the Board's report on ITC accounts for the biennium 2004-2005.

C. United Nations University

21. Of the 15 recommendations made by the Board of Auditors with respect to the accounts of the United Nations University (UNU) for the biennium 2004-2005,[4] UNU had implemented 10 (67 per cent), while 3 (20 per cent) were under implementation and 2 (13 per cent) had not been implemented, as shown in graph 5. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 5
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations University



22. Three areas showed evidence of a relatively low implementation rate: financial overview; presentation and disclosure of the financial statements; and programme management, as shown in table 6.

[4] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5* (A/61/5), vol. IV, chap. II.

Table 6
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Financial overview	1	—	—	1	100	—	—	—	—
United Nations system accounting standards	3	3	100	—	—	—	—	—	—
Presentation and disclosure of the financial statements	5	4	80	—	—	1	20	—	—
Programme management	4	1	25	2	50	1	25	—	—
Procurement	1	1	100	—	—	—	—	—	—
Consultants and individual contractors	1	1	100	—	—	—	—	—	—
Total	**15**	**10**	**67**	**3**	**20**	**2**	**13**	—	—

23. The Board's two recommendations that the Administration consider enhancing the Financial, Budgetary and Personnel Management System (FBPMS) to make it consistent with the financial recording and reporting requirements and that it apportion proper expenses to project costs, were not yet implemented by UNU. The Administration indicated that reprogramming FBPMS would entail costs that might not be affordable for UNU. The Administration also explained that the software used was obsolete and did not qualify for further development. The Administration estimated that FBPMS would support UNU for a maximum of three years and would eventually migrate to another system that included project and personnel management modules.

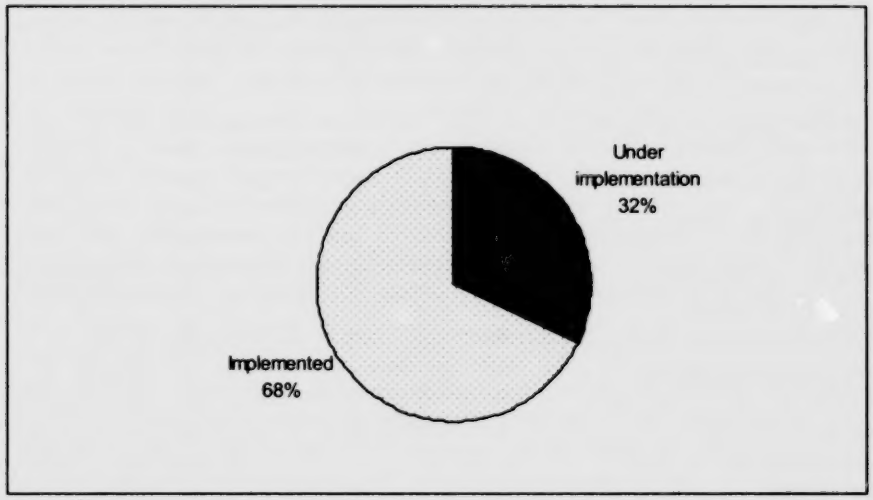
24. In response to the Board's recommendation that UNU implement a strategy that would enable it to be less dependent on the endowment fund for its sustainability, the Administration was in the process of evaluating ways to increase returns from the investments in the endowment fund and of commissioning an independent asset allocation study, in coordination with the Investment Management Service of the United Nations Joint Staff Pension Fund.

25. The Board recognizes the efforts of UNU in respect of its recommendations on programme and project management that are under implementation. The Administration expressed the view that it could only implement results-based budgeting over time as organizational units became more conversant with the approach and identified more measurable outputs.

D. United Nations Development Programme

26. Of the 115 recommendations made by the Board with respect to the accounts of the United Nations Development Programme (UNDP) for the biennium 2004-2005,[5] UNDP had implemented 78 (68 per cent), while 37 (32 per cent) were under implementation, as shown in graph 6. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 6
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Development Programme



27. Five areas showed evidence of a relatively low implementation rate: programme expenditure; programme and project management; inter-agency coordination; procurement and contract management; and internal oversight, as shown in table 7.

[5] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5A* (A/61/5/Add.1), chap. II.

Table 7
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Bank accounts and cash	4	3	75	1	25	—	—	—	—
Inter-fund balances	5	5	100	—	—	—	—	—	—
Contributions	3	3	100	—	—	—	—	—	—
United Nations Capital Development Fund	1	1	100	—	—	—	—	—	—
Trust funds	1	1	100	—	—	—	—	—	—
End-of-service and post-retirement benefits	1	—	—	1	100	—	—	—	—
Enterprise resource planning implementation	13	11	84	2	16	—	—	—	—
Programme expenditure	8	5	63	3	27	—	—	—	—
Programme and project management	7	1	14	6	86	—	—	—	—
Inter-agency coordination	24	13	54	11	46	—	—	—	—
Indian Ocean tsunami relief efforts	10	6	60	4	40	—	—	—	—
Procurement and contract management	14	8	57	6	43	—	—	—	—
Internal oversight	6	3	50	3	50	—	—	—	—
Human resources management	5	5	100	—	—	—	—	—	—
Treasury management	7	7	100	—	—	—	—	—	—
Asset management	3	3	100	—	—	—	—	—	—
Fraud and presumptive fraud	3	3	100	—	—	—	—	—	—
Total	**115**	**78**	**68**	**37**	**32**	**—**	**—**	**—**	**—**

28. UNDP has established a timetable for the implementation of its recommendations. It advised the Board that it had met the milestones as envisaged up to March 2007. Programme expenditure implemented by Governments and non-governmental organizations was a concern in that three of the eight recommendations had not been fully implemented. Management had indicated that key measures would be implemented that included a review of the nationally executed expenditure (NEX) modality audit risk assessment framework, strengthening the oversight and monitoring function at regional bureaux on NEX projects with recurring audit qualifications and exploring policy implications of alternative project arrangement for programme countries with recurring audit concerns.

29. Six of the seven recommendations in respect of programme and project management have not been fully implemented. Management advised that that would be an area for renewed focus in UNDP as it was committed to delivering the results articulated in the strategic plan. The project risk identification was one component of the organization's enterprise risk management strategy and would be integrated into the results planning at all levels of UNDP.

30. In respect of internal oversight, only three of the six recommendations had been fully implemented to 31 March 2007. Management explained that it was making efforts to review the resources situation against the audit risk assessment and expedite the filling of vacancies in the Office of Audit and Performance Review, and performing a headquarters treasury audit during 2007.

31. UNDP indicated to the Board that its recommendation pertaining to the reconciliation of the UNOPS inter-fund account had been implemented. While UNDP and UNOPS had identified and resolved most items, some items amounting to approximately $10 million still required resolution.

32. UNDP management commented that it was on target to implement the remaining audit recommendations by the end of 2007. While many of the recommendations required action from UNDP, a number of them required close collaboration and/or harmonization with other United Nations agencies. Examples included inter-agency account reconciliations, inter-agency coordination with programme countries in the establishment of United Nations Houses and joint offices as well as the coordination of the Indian Ocean tsunami relief efforts.

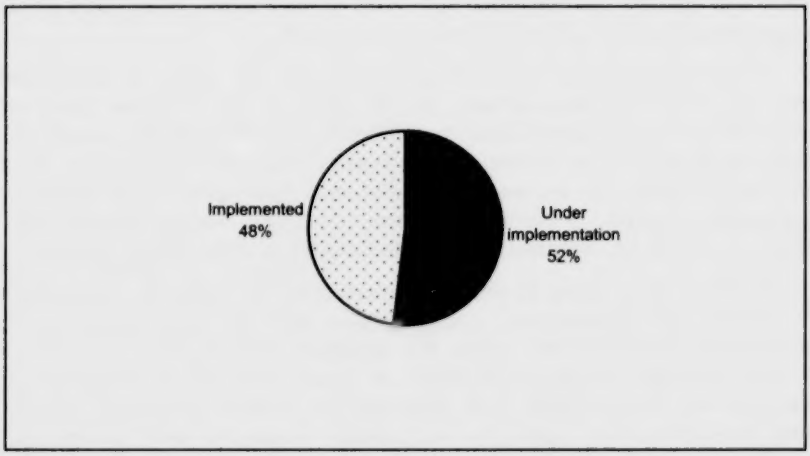
33. UNDP indicated that as part of implementing the audit recommendations of the Board, the management oversight tool and processes continued to be strengthened. They included: (a) the formalization of the regular review of the "top 15 audit priorities" to ensure management focus across the organization; (b) the continued use of the UNDP audit dashboard to promote transparent reporting of audit implementation status by responsible managers and offices; (c) the establishment of the quality assurance function in the Bureau of Management to identify underlying audit issues and emerging trends; (d) the formalization of the user guide on audit management in UNDP offices; (e) the endorsement of an accountability framework and governance mechanism for audit follow-up in UNDP; and (f) the formalization of periodic country scans to better understand the programmatic, financial, human resources challenges and audit issues at all UNDP country offices.

34. UNDP performed an analysis of the underlying causes of recurring audit issues which resulted in the planning and implementation of the following key strategic measures: (a) strengthening internal capacity through staff professionalization programmes; (b) exploring alternative support structures such as the subregional shared service centre; and (c) reviewing NEX practices with the joint NEX task force.

E. United Nations Children's Fund

35. Of the 96 recommendations made by the Board with respect to the accounts of the United Nations Children's Fund (UNICEF) for the biennium 2004-2005,[6] UNICEF had implemented 46 (48 per cent), while 50 (52 per cent) were under implementation, as shown in graph 7. The status of implementation of the Board's recommendations presented below was supplied by the Administration and validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 7
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Children's Fund



36. Six areas showed evidence of a relatively low implementation rate: financial overview; management of the Private Sector Division; Office of Emergency Programmes; Supply Division; Indian Ocean tsunami; and information technology, as shown in table 8.

[6] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5B* (A/61/5/Add.2), chap. II.

Table 8
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Financial overview	3	—	—	3	100	—	—	—	—
Presentation and disclosure of the financial statements	3	1	33	2	67	—	—	—	—
Non-expendable property	1	1	100	—	—	—	—	—	—
Accounts receivable and accounts payable	1	—	—	1	100	—	—	—	—
Finance and accounting manual	1	—	—	1	100	—	—	—	—
Write-off of losses	1	1	100	—	—	—	—	—	—
Management of the Private Sector Division	6	1	17	5	83	—	—	—	—
Office of Emergency Programmes	5	2	40	3	60	—	—	—	—
Supply Division	12	3	25	9	75	—	—	—	—
Indian Ocean tsunami	17	9	53	8	47	—	—	—	—
Inter-agency coordination	16	10	63	6	37	—	—	—	—
Office of Internal Audit	7	5	71	2	29	—	—	—	—
Executive offices	13	10	77	3	23	—	—	—	—
Information technology	9	2	22	7	78	—	—	—	—
Country audits	1	1	100	—	—	—	—	—	—
Total	**96**	**46**	**48**	**50**	**52**	—	—	—	—

37. As part of addressing the Board's concern about the need for UNICEF fund-raising activity to deal with the challenge of increasing regular resources in proportion to total income, the Administration stressed the strategic importance of regular resources to its donors through the multi-year funding framework, participation in two annual pledging events (United Nations and UNICEF) and advocacy, and by illustrating results-based actions at all levels using regular resources.

38. In respect of management of the Private Sector Division, the Administration stated that it had ensured compliance with the requirements cited in the cooperation agreements with National Committees, such as (a) development of the financial reporting annex to be attached to the Cooperation Agreement with National Committees and (b) work with the National Committees on the appropriate disclosure of the total support costs of raising funds and implementing programmes. The Administration has also completed its study of the options for harmonizing the accounting treatment of private sector fund-raising proceeds and will consider the

results/recommendations of the study in conjunction with the organizational review and the implementation of International Public Sector Accounting Standards.

39. In addressing the Board's observation on the emergency procurement of the Supply Division, UNICEF indicated that it would be establishing quality standards for the supply and logistics components of emergency preparedness and response plans, in conjunction with the review of the procurement strategy for emergencies.

40. UNICEF, in response to the tsunami, had (a) worked towards the approval of country programme workplans with the Governments of the tsunami-affected countries on the utilization of funds received in excess of initial requirements, (b) ensured that emergency funding would be allocated in accordance with appeals made or identified needs, (c) sought explicit donor approval to extend or modify the geographic or thematic reach of funds it was entrusted with, and (d) worked with the United Nations Development Group ExCom agencies to assess the financial and administrative capacity of its implementing partners.

41. UNICEF explained that it had continued to address issues on information and communications technology. It had established a global security operation centre to manage global logical controls and was developing automated alerts and statistics on the use of information technology resources. UNICEF also performed regular vulnerability assessments of firewalls within the evolving framework of the information technology security environment and budget availability.

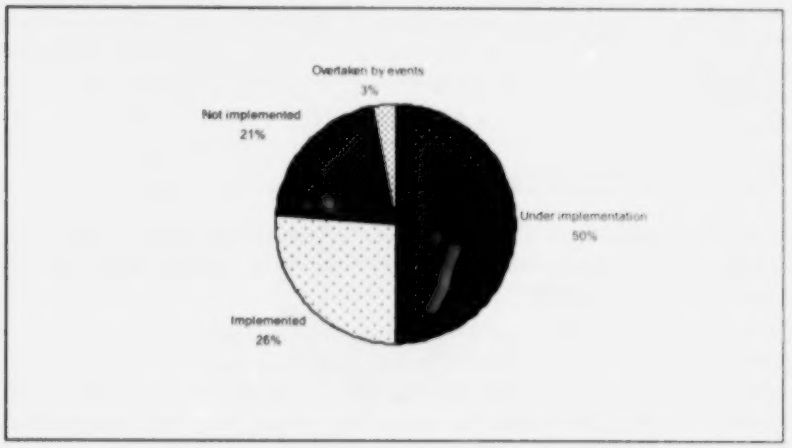
F. United Nations Relief and Works Agency for Palestine Refugees in the Near East

42. Of the 34 recommendations made by the Board with respect to the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the biennium 2004-2005,[7] UNRWA had implemented 9 (26 per cent), while 17 (50 per cent) were under implementation, 7 (21 per cent) had not been implemented and 1 (3 per cent) had been overtaken by events, as shown in graph 8. Those statistics were supplied by the internal oversight services of UNRWA, based on their tracking of the implementation of recommendations. They were verified by the Board, as explained in the scope and methodology section of the introduction to the present report.

[7] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5C* (A/61/5/Add.3), chap. II.

Graph 8

Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Relief and Works Agency for Palestine Refugees in the Near East



43. Five areas showed evidence of a relatively low implementation rate: procurement and contract management; human resources management; results-based management; programme and project management; and information and communications technology, as shown in table 9.

Table 9

Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Financial issues	2	1	50	1	50	—	—	—	—
Land and buildings	1	1	100	—	—	—	—	—	—
Procurement and contract management	4	1	25	2	50	1	25	—	—
Human resources management and area staff Provident Fund	8	1	13	4	50	2	25	1	13
Results-based management	5	1	20	4	80	—	—	—	—
Programme and project management	2	—	—	2	100	—	—	—	—
Treasury and cash management	1	1	100	—	—	—	—	—	—

Topics	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Microfinance and microenterprise programme	2	1	50	1	50	—	—	—	—
Information and communications technology	9	2	22	3	33	4	44	—	—
Total	**34**	**9**	**26**	**17**	**50**	**7**	**21**	**1**	**3**

44. The Board noted the low implementation rate of its recommendations of 26 per cent. Some of the recommendations were multi-year and required sustained effort in order to be fully implemented.

45. Information technology and human resources management made up half of the 34 recommendations, and 6 of the 17 recommendations had not been implemented. Management indicated that UNRWA had not finalized the information security policy and implementation plan to strengthen information and communications technology capacity.

46. Management commented that the three-year organization development internal management reform plan incorporated a human resources management strategy that had been developed through internal consultations and with the assistance of an external expert. The strategy focused on the key areas of staffing (retention, recruitment, succession and separation), training and development, performance management, compensation management, human resources delivery and gender equality.

47. As previously reported, UNRWA did not have policies/directives/guidelines to implement and sustain results-based management. Management has indicated that the establishment of results-based management was foreseen in its three-year organization development management reform plan.

48. Management commented that UNRWA remained determined to implement all outstanding recommendations as quickly as possible. The outstanding matters were linked to the Agency's organizational development process and depended on the availability of additional funding.

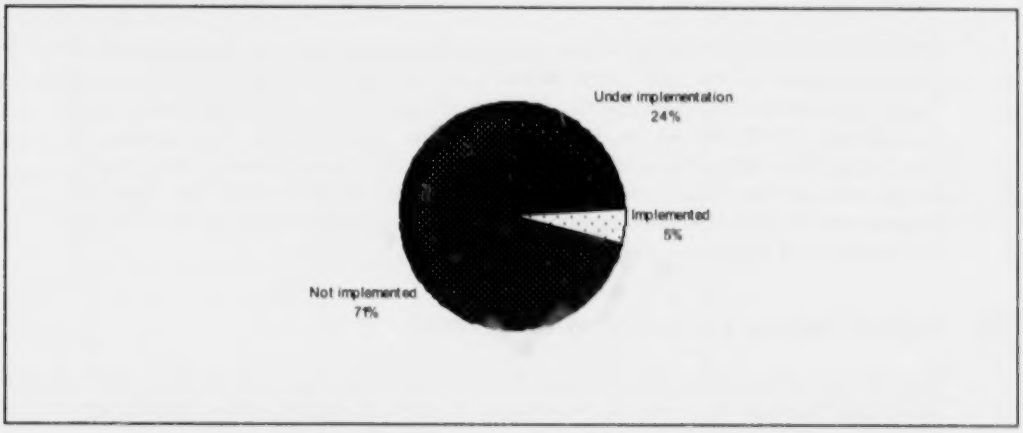
G. United Nations Institute for Training and Research

49. Of the 21 recommendations made by the Board with respect to the accounts of the United Nations Institute for Training and Research (UNITAR) for the biennium 2004-2005,[8] UNITAR had implemented 1 (5 per cent), while 5 (24 per cent) were under implementation and 15 (71 per cent) had not been implemented, as shown in graph 9. The status of implementation of the Board's recommendations presented

[8] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5D* (A/61/5/Add.4), chap. II.

below was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 9
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Institute for Training and Research



Most areas showed evidence of a low implementation rate, including the programme of correspondence instruction, programme management, information and communications technology and fraud prevention and management, as shown in table 10.

Table 10
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Liabilities for annual leave, end-of-service and post-retirement benefits	1	1	100	—	—	—	—	—	—
Financial statement	1	—	—	1	100	—	—	—	—
Programme of correspondence instruction	1	—	—	—	—	1	100	—	—
Cash management	1	—	—	1	100	—	—	—	—
Human resources management	1	—	—	1	100	—	—	—	—
Programme management	8	—	—	1	13	7	87	—	—
Information and communications technology	1	—	—	—	—	1	100	—	—

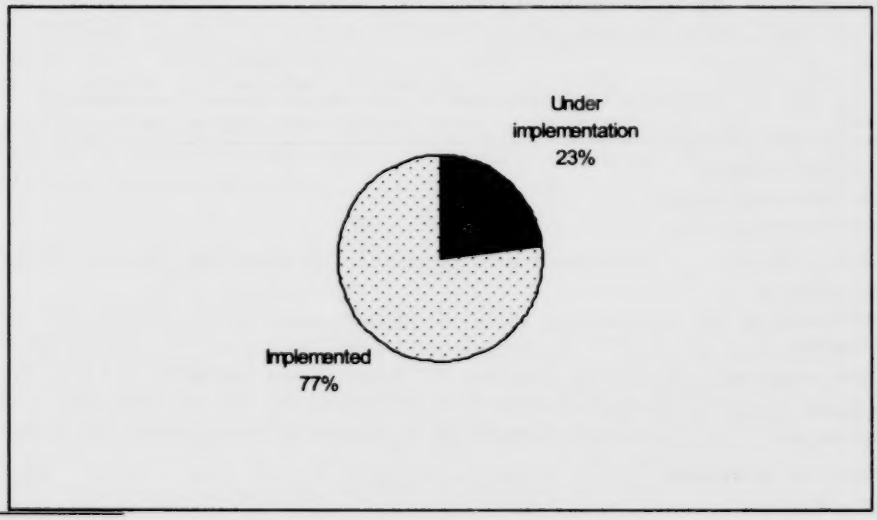
Topics	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Fraud prevention and management	7	—	—	1	14	6	86	—	—
Total	**21**	**1**	**5**	**5**	**24**	**15**	**71**	**—**	**—**

50. The Board was concerned that the Administration had not implemented its recommendation in four areas, as shown in table 10. The Board noted, however, that the Administration had indicated the creation of committees and assignment of staff to address 12 of the 15 recommendations not implemented. As regards the remaining three unimplemented recommendations, the Administration was not able to provide to the Board the required revised agreements with the UNITAR programme of correspondence institution, new rules of admission to its core training programme and fund-raising strategy.

H. United Nations Environment Programme

51. Of the 26 recommendations made by the Board with respect to the accounts of the United Nations Environment Programme (UNEP) for the biennium 2004-2005,[9] UNEP had implemented 20 (77 per cent), while 6 (23 per cent) were under implementation, as shown in graph 10. The status of implementation of the Board's recommendations presented below was not validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 10
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Environment Programme



[9] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5H* (A/61/5/Add.8), chap. II.

Table 11
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

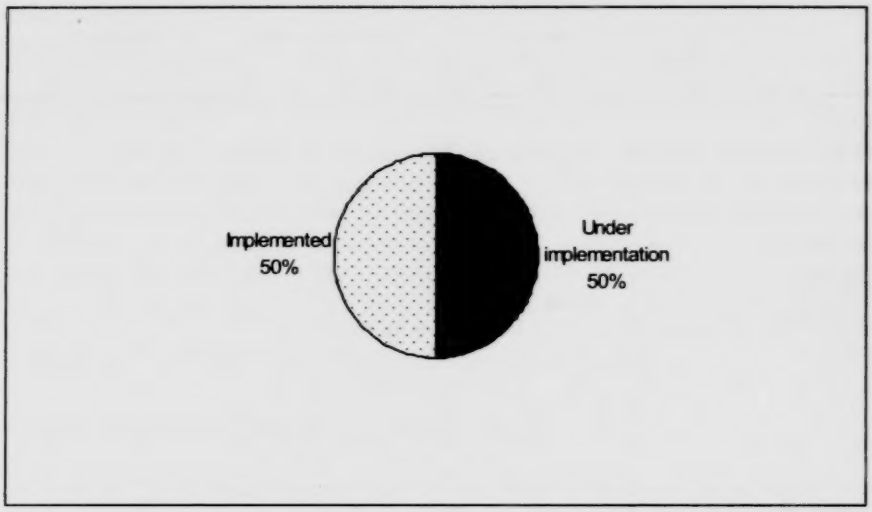
Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
United Nations system accounting standards	5	4	80	1	20	—	—	—	—
Disclosure of financial statements	1	1	100	—	—	—	—	—	—
Financial management	6	6	100	—	—	—	—	—	—
Results-based budgeting	1	—	—	1	100	—	—	—	—
Non-expendable property	1	1	100	—	—	—	—	—	—
Consulting services	1	1	100	—	—	—	—	—	—
Human resources management	4	1	25	3	75	—	—	—	—
Inactive trust fund	1	1	100	—	—	—	—	—	—
Procurement	4	3	75	1	25	—	—	—	—
Inter-agency coordination	2	2	100	—	—	—	—	—	—
Total	**26**	**20**	**77**	**6**	**23**	**—**	**—**	**—**	**—**

I. United Nations Population Fund

52. Of the 42 recommendations made by the Board with respect to the accounts of the United Nations Population Fund (UNFPA) for the biennium 2004-2005,[10] UNFPA had implemented 21 (50 per cent), while 21 (50 per cent) were under implementation, as shown in graph 11. The status of implementation of the Board's recommendations presented below was not validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

[10] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5G* (A/61/5/Add.7), chap. II.

Graph 11
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Population Fund



53. Five areas showed evidence of a relatively low implementation rate: financial issues; procurement and contract management; results-based management; Division of Oversight Services; and human resources management, as shown in table 12.

Table 12
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Financial issues	3	1	33	2	67	—	—	—	—
Information and communications technology	1	—	—	1	100	—	—	—	—
Programme and other expenditure	10	8	80	2	20	—	—	—	—
Procurement and contract management	9	3	33	6	67	—	—	—	—
Results-based management	2	—	—	2	100	—	—	—	—
Donor reporting	1	—	—	1	100	—	—	—	—
Shared services	1	1	100	—	—	—	—	—	—
Division of Oversight Services	3	1	33	2	67	—	—	—	—
Human resources management	9	4	44	5	56	—	—	—	—
Asset management	2	2	100	—	—	—	—	—	—
Fraud and presumptive fraud	1	1	100	—	—	—	—	—	—
Total	**42**	**21**	**50**	**21**	**50**	**—**	**—**	**—**	**—**

54. In the areas of procurement and contract management, as well as human resources management, 11 of 18 recommendations were under implementation. The policy for the receipt of gifts by Procurement Services Section staff was not in accordance with the United Nations policy. UNFPA commented that a suitable amendment would be made in the next regular update in summer 2007. The purchase orders for many low value purchases were not recorded on Atlas in a timely manner. Management has indicated that UNFPA was developing a query that would quantify the extent of the problem. UNFPA was monitoring compliance with the submission of procurement plans by the country office and implementation of the recommendation through the Post-Establishment Committee.

55. The inter-fund account with UNDP was not fully reconciled. Management explained that UNDP was reconciling that discrepancy. The reconciliation of education grants was not fully transferred to Atlas, and management indicated that efforts were ongoing to resolve system interface problems between IMIS and Atlas.

56. Management has indicated that in respect of the Division of Oversight Services, UNFPA planned to increase the capacity to meet requirements for reviewing financial data.

J. United Nations Human Settlements Programme (UN-Habitat)

57. Of the 18 recommendations made by the Board with respect to the accounts of United Nations Human Settlements Programme (UN-Habitat) for the biennium 2004-2005, UN-Habitat had implemented 14 (78 per cent), while 3 (17 per cent) were under implementation and 1 (5 per cent) had not been implemented, as shown in graph 12. The status of implementation of the Board's recommendations presented below was not validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 12

Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Human Settlements Programme

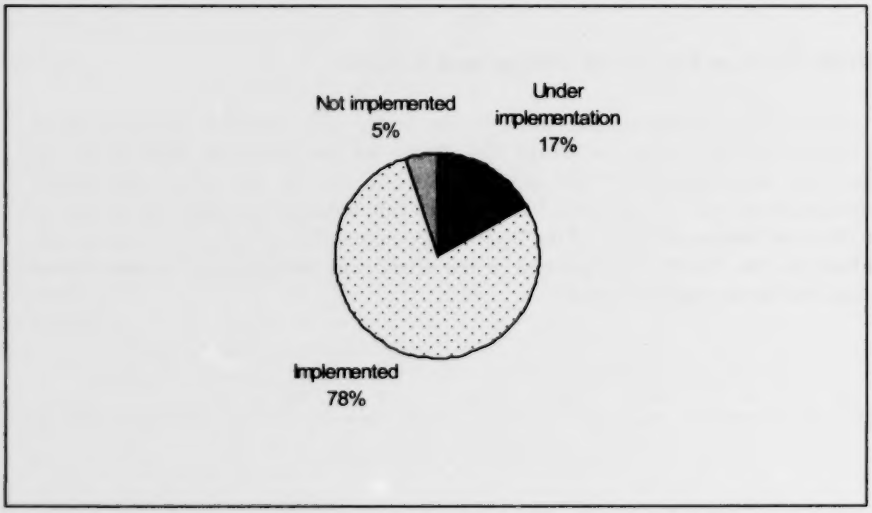


Table 13
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
United Nations system accounting standards	1	1	100	—	—	—	—	—	—
Disclosure of financial statements	1	—	—	—	—	1	100	—	—
Write-offs	1	1	100	—	—	—	—	—	—
Programme management	5	4	80	1	20	—	—	—	—
Funds management	2	1	50	1	50	—	—	—	—
Non-expendable property	4	4	100	—	—	—	—	—	—
Human resources management	3	3	100	—	—	—	—	—	—
Information and communications technology	1	—	—	1	100	—	—	—	—
Total	**18**	**14**	**78**	**3**	**17**	**1**	**5**	—	—

58. In paragraph 25 of its report (A/61/5/Add.8, chap. II), the Board recommended that the Administration conduct an inventory of expendable items as at the end of the biennium and account for as well as disclose them pursuant to paragraph 49 (iv) of the United Nations system accounting standards. The Administration indicated that paragraph 49 of the accounting standards on disclosure of assets, other than non-expendable property, did not apply. The Board deemed that that interpretation was contradicted by paragraph 49 (iv), according to which assets to be disclosed included "other assets, including, inter alia, inventories (other than non-expendable equipment, furniture and motor vehicles) and deferred charges". Therefore, the Board was of the view that that recommendation was not implemented.

K. United Nations Office on Drugs and Crime

59. Of the 30 recommendations made by the Board with respect to the accounts of the United Nations Office on Drugs and Crime for the biennium 2004-2005, the Office had implemented 19 (63 per cent), while 10 (33 per cent) were under implementation and 1 (4 per cent) had not been implemented, as shown in graph 13. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 13
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Office on Drugs and Crime

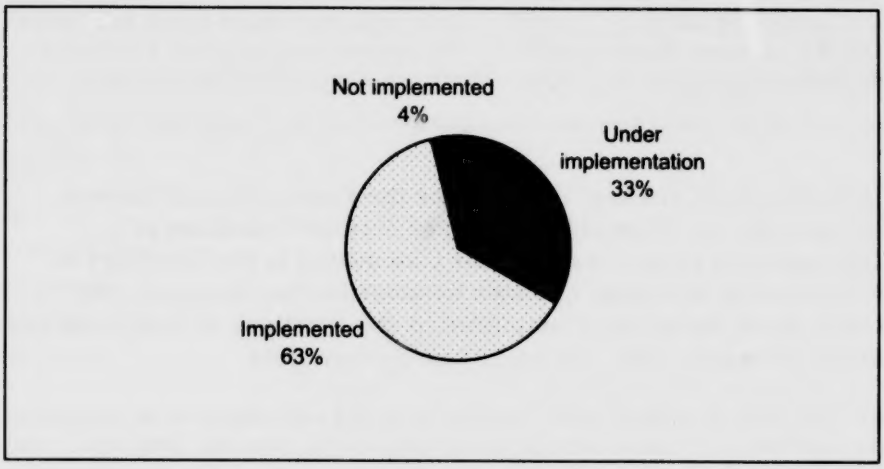


Table 14
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Follow-up of General Assembly resolutions	1	1	100	—	—	—	—	—	—
Contributions	4	1	25	3	75	—	—	—	—
Miscellaneous income	1	1	100	—	—	—	—	—	—
Expenditures	2	2	100	—	—	—	—	—	—
Advances to be recovered	3	3	100	—	—	—	—	—	—
Unliquidated obligations	1	—				1	100	—	—
Cash and bank	3	1	34	2	66	—	—	—	—
Liabilities	1	—	—	1	100	—	—	—	—
Non-expendable property	1	1	100	—	—	—	—	—	—
Write-off	1	1	100	—	—	—	—	—	—
Procurement	4	3	75	1	25	—	—	—	—
Information and communications technology fraud prevention	6	4	67	2	33	—	—	—	—
Division for Policy Analysis and Public Affairs	2	1	50	1	50	—	—	—	—
Total	**30**	**19**	**63**	**10**	**33**	**1**	**4**	**—**	**—**

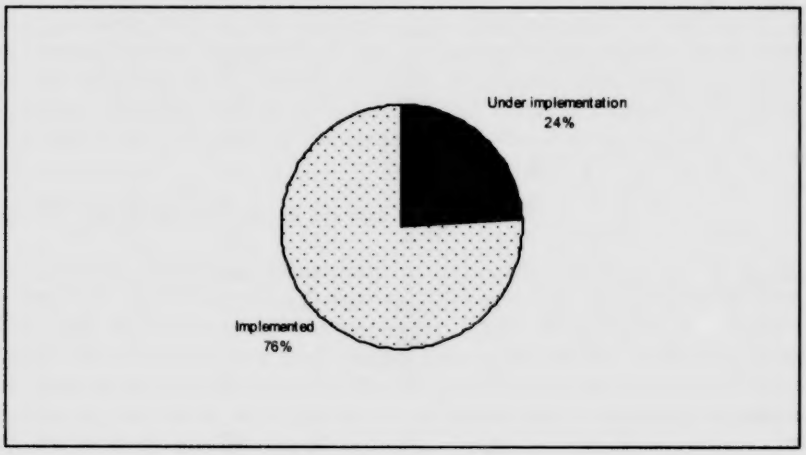
60. In paragraph 66 of its report (A/61/5/Add.9, chap. II), the Board recommended that external auditors of nationally executed expenditures refer explicitly to United Nations accounting standards to ensure that audited expenditures include disbursements and unliquidated obligations. The Administration replied that expenditures on nationally executed projects were recorded on a cash basis as per UNDP procedures. Therefore, audits of NEX projects would continue to be based on the disbursements reported in the combined delivery reports for those projects.

61. The Board would keep the matter under review in the current audit cycle.

L. International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

62. Of the 33 recommendations made by the Board with respect to the accounts of the International Criminal Tribunal for Rwanda for the biennium 2004-2005,[11] the Tribunal had implemented 25 (76 per cent), while 8 (24 per cent) were under implementation, as shown in graph 14. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 14
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, International Criminal Tribunal for Rwanda



63. The Board noted the relatively low implementation rate on human resources management, as shown in table 15.

[11] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5K* (A/61/5/Add.11), chap. II.

Table 15
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Accounts receivable	2	2	100	—	—	—	—	—	—
Completion strategy and implementation	2	2	100	—	—	—	—	—	—
Legal aid system	1	1	100	—	—	—	—	—	—
Defense counsel expenditure	1	1	100	—	—	—	—	—	—
Performance management	1	—	—	1	100	—	—	—	—
Non-expendable equipment	2	2	100	—	—	—	—	—	—
Procurement and contract management	12	11	92	1	8	—	—	—	—
Human resources management	9	4	44	5	56	—	—	—	—
Information and communications technology	2	2	100	—	—	—	—	—	—
Fraud and presumptive fraud	1	—	—	1	100	—	—	—	—
Total	**33**	**25**	**76**	**8**	**24**	**—**	**—**	**—**	**—**

64. The Tribunal indicated that the recommendations in respect of human resources management that were under implementation were (a) use of general temporary assistance, (b) vacancy rates, (c) education grants, (d) home leave and (e) performance appraisal. The Tribunal had initiated steps such as establishing a general temporary assistance committee to evaluate the use and engagement of staff on general temporary assistance, making efforts to reduce the vacancy rates, updating education grant information in the Field Personnel Management System, completing documentation for home leave claims and conducting e-PAS training.

65. The Tribunal indicated that it was in the process of implementing the results-based budgeting mechanism, but that full implementation would require more resources and proper training.

M. International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

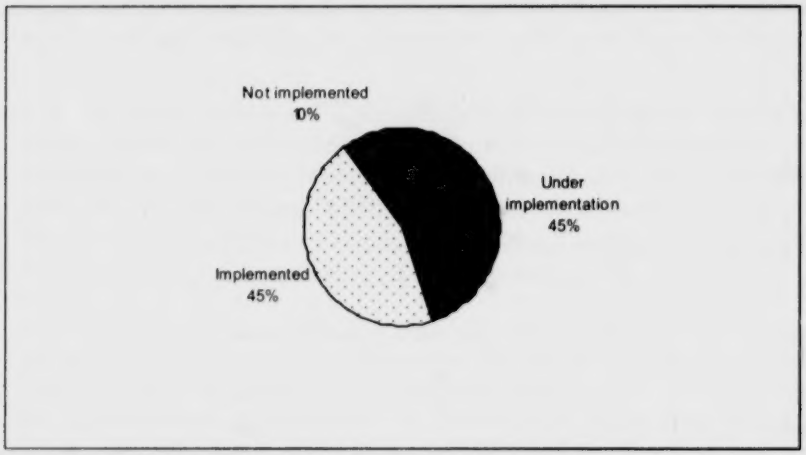
66. Of the 11 recommendations made by the Board with respect to the accounts of the International Tribunal for the Former Yugoslavia for the biennium 2004-2005,[12] the Tribunal had implemented 5 (45 per cent), while 5 (45 per cent) were under implementation and 1 (10 per cent) had not been implemented, as shown in graph 15. The status of implementation of the Board's recommendations presented

[12] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5L* (A/61/5/Add.12), chap. II.

below was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 15

Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, International Tribunal for the Former Yugoslavia



67. Two areas showed evidence of a relatively low implementation rate: foreign exchange rates and human resources management, as shown in table 16.

Table 16

Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

		Implemented		*Under implementation*		*Not implemented*		*Overtaken by events*	
Topics	*Number of recommendations*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Financial overview	1	1	100	—	—	—	—	—	—
Information on variations in exchange rates	1	—	—	—	—	—	—	1	100
Deferred charges	1	1	100	—	—	—	—	—	—
Liabilities for end-of-service and post-retirement benefits	1	—	—	1	100	—	—	—	—
Completion strategy	1	—	—	1	100	—	—	—	—
Staff allowances	2	1	50	1	50	—	—	—	—
Bilingualism	1	1	100	—	—	—	—	—	—
Premises in Sarajevo	1	1	100	—	—	—	—	—	—
Human resources management	2	—	—	2	100	—	—	—	—
Total	**11**	**5**	**45**	**5**	**45**	**—**	**—**	**1**	**100**

68. As regards the Board's recommendations on human resources management, the Tribunal would continue its effort to recruit and promote women Tribunal posts and to ensure equitable representation of Member States.

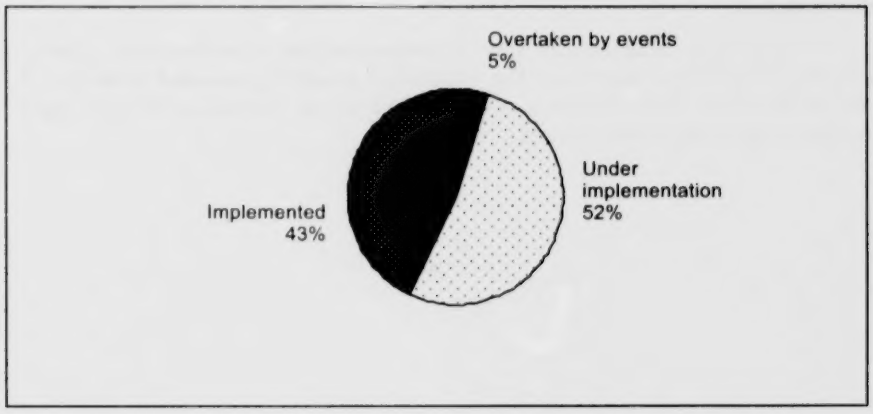
69. As to the Board's concern about the Tribunal's effective capacity to cover its liabilities for end-of-service and post-retirement benefits, the Tribunal had proposed funding for after-service health insurance benefits, which was under consideration by the Fifth Committee of the General Assembly (see A/61/730). It was also in the process of finalizing a document covering all legacy issues. The legacy policy paper was discussed by a Security Council working group with both Tribunals (the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda). Related financial implications were to be submitted to the Assembly at its fall 2007 session.

N. United Nations Joint Staff Pension Fund

70. Of the 21 recommendations made by the Board with respect to the accounts of the United Nations Joint Staff Pension Fund (UNJSPF) for the biennium 2004-2005,[13] the Fund had implemented 9 (43 per cent), while 11 (52 per cent) were under implementation and 1 (5 per cent) had been overtaken by events, as shown in graph 16. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in the scope and methodology section of the introduction to the present report.

Graph 16

Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, United Nations Joint Staff Pension Fund



[13] See *Official Records of the General Assembly, Sixty-first Session, Supplement No. 9* (A/61/9), chap. II.

71. The Board noted the complete implementation of recommendations in a number of areas. Two areas, however, showed evidence of a relatively low implementation rate: investment management and fund administration, as shown in table 17.

Table 17
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005, by thrust areas

Topics	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*	*Number*	*Per cent*
Actuarial valuation	1	1	100	—	—	—	—	—	—
Accounting organization	1	1	100	—	—	—	—	—	—
Contributions receivable	1	—	—	—	—	—	—	1	100
Bank reconciliation	1	—	—	1	100	—	—	—	—
Investment management	7	3	43	4	57	—	—	—	—
Fund administration	7	2	33	5	83	—	—	—	—
Information and communications technology	2	2	100	—	—	—	—	—	—
Performance management	1	—	—	1	100	—	—	—	—
Total	**21**	**9**	**43**	**11**	**52**	**—**	**—**	**1**	**5**

72. Investment management and fund administration were of particular concern, as those areas made up 14 of the 21 recommendations from the Board's report on the biennium 2004-2005 and 9 of the 11 recommendations that were under implementation.

73. The Investment Management Service commented that a detailed asset-liability management study was under way. The final report would be presented to the Board of the Fund in July 2007. Furthermore, the Service was in the process of acquiring a new trade order management system.

IV. Acknowledgement

74. The Board wishes to express its appreciation to the United Nations organizations and their staff for the cooperation and assistance they provided to the Board's teams in the course of the preparation of the present report.

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France and
Chairman, United Nations Board of Auditors

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

29 June 2007

Note: The Philippines and the South African members of the Board of Auditors have signed only the English version of the report; the French member of the Board has signed the English and the French versions.